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TO AMEMBASSY KUALA LUMPUR

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E.O. 11652: N/A

TAGS: ETRD, MY

SUBJECT: US/MALAYSIA TEXTILE AGREEMENTS

REF: KUALA LUMPUR 3921

1. FOLLOWING DRAFT NOTES TO AMEND AND EXTEND PRESENT COTTON
AND WOOL AND MAN-MADE FIBER AGREEMENTS IN ACCORDANCE WITH
MEMORANDUM OF UNDERSTANDING.

2. DRAFT AMENDMENT TO COTTON BILATERAL:

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"SIR:

I HAVE THE HONOR TO REFER TO THE COTTON TEXTILE AGREEMENT BETWEEN OUR TWO GOVERNMENTS EFFECTED BY EXCHANGE OF NOTES ON SEPTEMBER 8, 1970. AS A RESULT OF RECENT DISCUSSIONS BETWEEN REPRESENTATIVES OF OUR GOVERNMENTS, I HAVE THE HONOR TO PROPOSE THAT THE AFOREMENTIONED AGREEMENT BE AMENDED AND EXTENDED AS PROVIDED IN THE FOLLOWING PARAGRAPHS:

A. THE FIRST SENTENCE OF PARAGRAPH 1 IS REPLACED BY THE FOLLOWING: "THE TERM OF THIS AGREEMENT SHALL BE FROM SEPTEMBER 1, 1970 THROUGH DECEMBER 31, 1974. FOR PURPOSES OF SMOOTH ADMINISTRATION OF THE AGREEMENT, THE FOURTH AGREEMENT YEAR, CONSTITUTING THE PERIOD FROM SEPTEMBER 1,

1973 THROUGH AUGUST 31, 1974, AND THE FOUR-MONTH EXTENDED PERIOD FROM SEPTEMBER 1, 1974 THROUGH DECEMBER 31, 1974, SHALL BE TREATED AS ONE AGREEMENT PERIOD, HEREINAFTER REFERRED TO AS THE FOURTH AGREEMENT PERIOD".

B. PARAGRAPH 7 IS AMENDED TO ADD THE FOLLOWING: "7(A). FOR THE FOURTH AGREEMENT PERIOD, THE AGGREGATE LIMIT SHALL BE 31,255,875 SQUARE YARDS EQUIVALENT. 7(B). WITHIN THE AGGREGATE LIMIT FOR THE FOURTH AGREEMENT PERIOD, THE FOLLOWING GROUP AND SPECIFIC LIMITS SHALL APPLY:

ITEM	UNITS	IN SQUARE YARDS
GROUP I - AGGREGATE		17,190,732
CATEGORIES 9/10		1,250,235
CATEGORIES 18/19/26 PRINT CLOTH		2,813,028
22/23 TWILL AND SATEEN		2,344,190
26 (OTHER THAN PRINT CLOTH)		6,876,292
OF WHICH DUCK NOT TO EXCEED		(3,125,587)
CATEGORY 31	3,143,550 NOS.	1,093,955
CATEGORY 64	278,585 LBS.	1,227,489

GROUP II - AGGREGATE		14,065,144
CATEGORIES 45/46/47		4,431,906
CATEGORY 49	23,443 DOZ.	761,898
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CATEGORY 50	39,070 DOZ.	695,329
CATEGORY 51	23,443 DOZ.	695,329
CATEGORY 53	28,130 DOZ.	1,061,968
CATEGORY 55	43,759 DOZ.	1,434,630
CATEGORY 60		2,273,280

7(C). FOR THE FOURTH AGREEMENT PERIOD, THE CONSULTATION LEVEL FOR EACH CATEGORY NOT GIVEN A SPECIFIC LIMIT SHALL

BE 781,397 SQUARE YARDS EQUIVALENT IN CATEGORIES 1-38 AND 64, AND 546,978 SQUARE YARDS EQUIVALENT IN CATEGORIES 39-63."

C. PARAGRAPH 9 SHALL BE AMENDED TO ADD THE FOLLOWING:
"EXPORTS OF COTTON BATIK AND COTTON BATIK TEXTILE PRODUCTS WHICH ARE CUT, SEWN, OR OTHERWISE FABRICATED BY HAND IN COTTAGES, WHICH ARE UNITS OF THE COTTAGE INDUSTRY, SHALL BE EXEMPT FROM THE PURVIEW OF THIS AGREEMENT UPON THE ESTABLISHMENT OF A MUTUALLY SATISFACTORY CERTIFICATION PROCEDURE."

IF THE FOREGOING IS ACCEPTABLE TO YOUR GOVERNMENT, THIS

NOTE AND YOUR NOTE OF ACCEPTANCE ON BEHALF OF THE GOVERNMENT OF MALAYSIA SHALL CONSTITUTE AN AMENDMENT AND EXTENSION OF THE COTTON TEXTILE AGREEMENT EFFECTED BY EXCHANGE OF NOTES ON SEPTEMBER 8, 1970."

3. DRAFT AMENDMENT TO WOOL AND MAN-MADE FIBER BILATERAL:

"SIR:

I HAVE THE HONOR TO REFER TO THE AGREEMENT BETWEEN OUR TWO GOVERNMENTS ON TRADE IN WOOL AND MAN-MADE FIBER TEXTILE PRODUCTS EFFECTED BY EXCHANGE OF NOTES ON SEPTEMBER 8, 1970, AS AMENDED BY EXCHANGE OF NOTES OF DECEMBER 1, 1972, AND FEBRUARY 9, 1973. AS A RESULT OF RECENT DISCUSSIONS

BETWEEN REPRESENTATIVES OF OUR GOVERNMENTS, I HAVE THE HONOR TO PROPOSE THAT THE AFOREMENTIONED AGREEMENT BE FURTHER AMENDED AND EXTENDED AS PROVIDED FOR IN THE FOLLOWING PARAGRAPHS:
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A. THE FIRST PARAGRAPH SHALL BE AMENDED TO READ AS FOLLOWS: "THE GOVERNMENT OF MALAYSIA WILL LIMIT EXPORTS OF WOOL TEXTILE PRODUCTS AND MAN-MADE FIBER TEXTILE PRODUCTS TO THE UNITED STATES FOR A PERIOD OF FOUR YEARS AND FOUR MONTHS, BEGINNING SEPTEMBER 1, 1970, AND ENDING DECEMBER 31, 1974, TO THE LIMITS SET FORTH BELOW AND IN ACCORDANCE WITH THIS AGREEMENT. FOR PURPOSES OF SMOOTH ADMINISTRATION OF THE AGREEMENT, THE FOURTH AGREEMENT YEAR, CONSTITUTING THE PERIOD FROM SEPTEMBER 1, 1973 THROUGH AUGUST 31, 1974, AND THE FOUR MONTH EXTENDED PERIOD FROM SEPTEMBER 1, 1974 THROUGH DECEMBER 31, 1974, SHALL BE TREATED AS ONE AGREEMENT PERIOD, HEREINAFTER REFERRED TO AS THE FOURTH AGREEMENT PERIOD".

B. PARAGRAPH 3, AS AMENDED, SHALL BE FURTHER AMENDED TO ADD THE FOLLOWING: "(C) FOR THE FOURTH AGREEMENT PERIOD, THE AGGREGATE LIMIT SHALL BE 8,437,266 SQUARE YARDS EQUIVALENT. WITHIN THIS AGGREGATE LIMIT, THE FOLLOWING SPECIFIC LIMITS SHALL APPLY FOR THE FOURTH AGREEMENT PERIOD-

SPECIFIC LIMITS	UNIT	SQUARE YARDS EQUIVALENT
CATEGORY 228	50,622 DOZ	735,538
CATEGORY 229	30,373 DOZ	1,252,886
CATEGORY 234	67,497 DOZ	1,497,758
CATEGORY 235	84,371 DOZ	2,063,715
CATEGORY 238	42,186 DOZ	750,911

C. PARAGRAPH 4 SHALL BE REPLACED BY THE FOLLOWING:
"WITHIN THE AGGREGATE LIMIT, FOR THE FOURTH AGREEMENT PERIOD, EXPORTS OF MAN-MADE AND WOOL FIBER TEXTILES IN CATEGORIES NOT SUBJECT TO A SPECIFIC LIMIT MAY NOT EXCEED 590,608 SQUARE YARDS EQUIVALENT FOR ANY MAN-MADE FIBER TEXTILE APPAREL CATEGORY, 843,727 SQUARE YARDS EQUIVALENT FOR ANY MAN-MADE FIBER TEXTILE NON-APPAREL CATEGORY, AND 137,717 SQUARE YARDS EQUIVALENT FOR ANY WOOL TEXTILE CATEGORY, EXCEPT WITH THE PRIOR CONCURRENCE OF THE GOVERNMENT OF THE UNITED STATES OF AMERICA FOLLOWING CONSULTATIONS REQUESTED BY THE GOVERNMENT OF MALAYSIA. THE GOVERNMENT OF THE UNITED STATES OF AMERICA AGREES TO LIMITED OFFICIAL USE

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ENTER PROMPTLY INTO SUCH CONSULTATIONS AT THE REQUEST OF THE GOVERNMENT OF MALAYSIA."

IF THE FOREGOING IS ACCEPTABLE TO YOUR GOVERNMENT, THIS NOTE AND YOUR NOTE OF ACCEPTANCE ON BEHALF OF YOUR GOVERNMENT SHALL CONSTITUTE AN AMENDMENT AND EXTENSION OF THE AGREEMENT ON TRADE IN WOOL MAN-MADE FIBER TEXTILES EFFECTED BY EXCHANGE OF NOTES ON SEPTEMBER 8, 1970."

4. SOME SPECIFIC LIMITS HAVE BEEN REVISED USING UNADJUSTED FIGURES AS BASE, PER FOOTNOTE TO ANNEX A OF MEMORANDUM.

5. IN ORDER EXPEDITE FORMAL EXCHANGE OF NOTES, PLEASE HAND CARRY DRAFTS TO VICTOR DE BRUYNE FOR HIS COMMENTS, ETC, AND THEN ADVISE DEPARTMENT BY TELEGRAM OF HIS CONCURRENCE OR ANY SUGGESTED CHANGES. DEPARTMENT WILL THEN FOLLOW WITH AUTHORIZATION TO EXCHANGE FORMAL NOTES IF DE BRUYNE CONCURS OR IF HIS SUGGESTED CHANGES ARE MINOR. INGERSOLL

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: TEXTILES, COTTON, WOOL, AGREEMENT DRAFT, COMMODITY AGREEMENTS, SYNTHETIC FIBERS, AMENDMENTS, DIPLOMATIC NOTES, EXPORT QUOTAS, NEGOTIATIONS
Control Number: n/a
Copy: SINGLE
Draft Date: 03 SEP 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: shawdg
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974STATE192600
Document Source: CORE
Document Unique ID: 00
Drafter: WCMIMS:COMMERCE:ELIPSCOMB:HM
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D740244-0275
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19740979/aaaacooq.tel
Line Count: 215
Locator: TEXT ON-LINE, ON MICROFILM
Office: ORIGIN EB
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 4
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: KUALA LUMPUR 3921
Review Action: RELEASED, APPROVED
Review Authority: shawdg
Review Comment: n/a
Review Content Flags:
Review Date: 07 AUG 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <07-Aug-2002 by martinml>; APPROVED <27 FEB 2003 by shawdg>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: US/MALAYSIA TEXTILE AGREEMENTS
TAGS: ETRD, MY, US
To: KUALA LUMPUR
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005